

1 BILL LOCKYER, Attorney General
of the State of California
2 FRED A. SLIMP II, State Bar No. 118693
Deputy Attorney General
3 California Department of Justice
1515 Clay Street, 20th Floor ~ P. O. Box 70550
4 Oakland, CA 94612-0550
Telephone: (510) 622-2117
5 Facsimile: (510) 622-2121
6 Attorneys for Complainant

7
8 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
9 **DEPARTMENT OF CONSUMER AFFAIRS**
10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:

Case No. AC-2002-21

12 REGAN K. CHINN
719 Grant Avenue
13 San Francisco, CA 94108

OAH No. N2002080589

14 Certified Public Accountant
Certificate No. CPA 28084

**STIPULATED SETTLEMENT
AND DISCIPLINARY ORDER**

15 and

16 CHINN ACCOUNTANCY CORPORATION
17 719 Grant Avenue
San Francisco, CA 94108

18 Accountancy Corporation
19 Certificate No. COR 1250,

20 Respondents.
21

22 IT IS HEREBY STIPULATED AND AGREED by and between the parties
23 to the above-entitled proceedings that the following matters are true:

24 **PARTIES**

25 1. Carol Sigmann (Complainant) is the Executive Officer of the California
26 Board of Accountancy. She brought this action solely in her official capacity and is represented
27 in this matter by Bill Lockyer, Attorney General of the State of California, by Fred A. Slimp II,
28 Deputy Attorney General.

1 2. Regan K. Chinn (Respondent Chinn) is representing himself in this
2 proceeding and has chosen not to exercise his right to be represented by counsel.

3 3. Chinn Accountancy Corporation (Respondent Corporation) is representing
4 itself through Regan K. Chinn, owner, and has chosen not to exercise its right to be represented
5 by counsel.

6 4. On or about July 27, 1979, the California Board of Accountancy issued
7 Certified Public Accountant Certificate No. CPA 28084 to Regan K. Chinn (Respondent Chinn).
8 The Certificate was in full force and effect at all times relevant to the charges brought in
9 Accusation No. AC-2002-21 and will expire on April 30, 2003, unless renewed.

10 5. On or about February 4, 1980, the California Board of Accountancy
11 issued Accountancy Corporation Certificate Number COR 1250 to Respondent Corporation.
12 The Accountancy Corporation Certificate expired on June 1, 1998, and has not been renewed.

13 JURISDICTION

14 6. Accusation No. AC-2002-21 was filed before the California Board
15 of Accountancy (Board), Department of Consumer Affairs, and is currently pending against
16 Respondents. The Accusation and all other statutorily required documents were properly served
17 on Respondents on July 8, 2002. Respondents timely filed a Notice of Defense contesting the
18 Accusation. A copy of Accusation No. AC-2002-21 is attached as Exhibit A and incorporated
19 herein by reference.

20 ADVISEMENT AND WAIVERS

21 7. Respondents have carefully read and understand the charges
22 and allegations in Accusation No. AC-2002-21. Respondents have also carefully read
23 and understand the effects of this Stipulated Settlement and Disciplinary Order.

24 8. Respondents are fully aware of their legal rights in this matter, including
25 the right to a hearing on the charges and allegations in the Accusation; the right to be represented
26 by counsel at their own expense; the right to confront and cross-examine the witnesses against
27 them; the right to present evidence and to testify on their own behalf; the right to the issuance
28 of subpoenas to compel the attendance of witnesses and the production of documents;

1 the right to reconsideration and court review of an adverse decision; and all other rights accorded
2 by the California Administrative Procedure Act and other applicable laws.

3 9. Respondents voluntarily, knowingly, and intelligently waive and give up
4 each and every right set forth above.

5 CULPABILITY

6 10. Respondents admit the truth of the allegations contained in Causes
7 for Discipline numbers 1 and 3-6, except paragraph 24, in Accusation No. AC-2002-21.

8 11. Respondents agree that the Certified Public Accountant Certificate
9 of Respondent Chinn and the Accountancy Corporation Certificate of Respondent Corporation,
10 and each of them, are subject to discipline, and they agree to be bound by the Board's imposition
11 of discipline as set forth in the Disciplinary Order below.

12 CIRCUMSTANCES IN MITIGATION

13 12. Respondents have not previously been the subject of any disciplinary
14 action.

15 CONTINGENCY

16 13. This stipulation shall be subject to approval by the California Board
17 of Accountancy. Respondents understand and agree that counsel for Complainant and the staff
18 of the California Board of Accountancy may communicate directly with the Board regarding
19 this stipulation and settlement, without notice to or participation by Respondents. By signing
20 the stipulation, Respondents understand and agree that they may not withdraw their agreement
21 or seek to rescind the stipulation prior to the time the Board considers and acts upon it.
22 If the Board fails to adopt this stipulation as its Decision and Order, the Stipulated Settlement
23 and Disciplinary Order shall be of no force or effect, except for this paragraph, it shall be
24 inadmissible in any legal action between the parties, and the Board shall not be disqualified
25 from further action by having considered this matter.

26 14. The parties understand and agree that facsimile copies of this Stipulated
27 Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same
28 force and effect as the originals.

1 15. In consideration of the foregoing admissions and stipulations, the parties
2 agree that the Board may, without further notice or formal proceeding, issue and enter the
3 following Disciplinary Order:

4 **DISCIPLINARY ORDER**

5 IT IS HEREBY ORDERED that Certified Public Accountant Certificate
6 No. CPA 28084 issued to Respondent Chinn and Accountancy Corporation Certificate
7 No. COR 1250 issued to Respondent Corporation, and each of them, are revoked. However,
8 the revocation of Certified Public Accountant Certificate No. CPA 28084 *only* is stayed
9 and Respondent Chinn is placed on probation for five (5) years on the following terms
10 and conditions.

11 1. **Actual Suspension.** Certified Public Accountant Certificate
12 No. CPA 28084 issued to Respondent Chinn is suspended for one (1) year. During the period
13 of suspension the Respondent Chinn shall engage in no activities for which certification
14 as a Certified Public Accountant or Public Accountant is required as described in Business
15 and Professions Code, Division 3, Chapter 1, Section 5051.

16 2. **Obey All Laws.** Respondent Chinn shall obey all federal, California,
17 other states' and local laws, including those laws relating to the practice of public accountancy
18 in California.

19 3. **Submit Written Reports.** Respondent Chinn shall submit, within ten
20 (10) days of completion of the quarter, written reports to the Board on a form obtained from
21 the Board. Respondent Chinn shall submit, under penalty of perjury, such other written reports,
22 declarations, and verification of actions as are required. These declarations shall contain
23 statements relative to Respondent Chinn's compliance with all the terms and conditions
24 of probation. Respondent Chinn shall immediately execute all release of information forms
25 as may be required by the Board or its representatives.

26 4. **Personal Appearances.** Respondent Chinn shall, during the period
27 of probation, appear in person at interviews/meetings as directed by the Board or its designated
28 representatives, provided such notification is accomplished in a timely manner.

1 5. **Comply With Probation.** Respondent Chinn shall fully comply with
2 the terms and conditions of the probation imposed by the Board and shall cooperate fully with
3 representatives of the Board of Accountancy in its monitoring and investigation of Respondent
4 Chinn's compliance with probation terms and conditions.

5 6. **Practice Investigation.** Respondent Chinn shall be subject to, and shall
6 permit, practice investigation of the Respondent's professional practice. Such a practice
7 investigation shall be conducted by representatives of the Board, provided notification of such
8 review is accomplished in a timely manner.

9 7. **Tolling of Probation For Out-of-State Residence/Practice.** In the event
10 Respondent Chinn should leave California to reside or practice outside this state, Respondent
11 Chinn must notify the Board in writing of the dates of departure and return. Periods of non-
12 California residency or practice outside the state shall not apply to reduction of the probationary
13 period, or of any suspension. No obligation imposed herein, including requirements to file
14 written reports, reimburse the Board costs, or make restitution to consumers, shall be suspended
15 or otherwise affected by such periods of out-of-state residency or practice except at the written
16 direction of the Board.

17 8. **Violation of Probation.** If Respondent Chinn violates probation
18 in any respect, the Board, after giving Respondent Chinn notice and an opportunity to be heard,
19 may revoke probation and carry out the disciplinary order that was stayed. If an accusation
20 or a petition to revoke probation is filed against Respondent Chinn during probation, the Board
21 shall have continuing jurisdiction until the matter is final, and the period of probation shall be
22 extended until the matter is final.

23 9. **Completion of Probation.** Upon successful completion of probation,
24 Respondent Chinn's license will be fully restored.

25 10. **Engagement Letters.** Respondent Chinn shall use engagement letters
26 with each new client or engagement accepted during probation, and shall provide copies of same
27 to the Board or its designee upon request.

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1 11. **Library Reference Materials.** Respondent Chinn shall have immediate
2 access to, shall use, and shall maintain published materials and/or checklists which are consistent
3 with the practice. Such materials and checklists shall be produced on-site for review by
4 the Board or its designee upon reasonable notice.

5 12.. **Ethics Course/Examination.** Respondent Chinn shall take and pass
6 with a score of 90 percent or better a Board approved ethics examination within the first year
7 of probation. Respondent Chinn may not resume practice until the examination has been
8 successfully passed as provided herein.

9 If Respondent Chinn fails to pass said examination within the time period
10 provided or within two attempts, Respondent Chinn shall so notify the Board and shall cease
11 practice until Respondent Chinn takes and successfully passes said exam, has submitted
12 proof of same to the Board, and has been notified by the Board that he may resume practice.
13 Failure to pass the required examination no later than 100 days prior to the termination of
14 probation shall constitute a violation of probation.

15 Notwithstanding any other provision of this probation, failure to take and pass
16 this examination within five years of the effective date of this order constitutes a separate cause
17 for discipline of Respondent Chinn's license.

18 13. **Active License Status.** Respondent Chinn shall at all times maintain
19 an active license status with the Board, including during any period of suspension. If the license
20 is expired at the time the Board's decision becomes effective, the license must be renewed
21 within 30 days of the effective date of the decision.

22 14. **Cost Reimbursement.** Respondent Chinn shall reimburse the Board
23 \$6,032.53 for its investigation and prosecution costs. Complete payment shall be made no later
24 than January 1, 2005.

25 15. **Restitution.** Respondent Chinn shall comply with the order of restitution
26 entered in federal criminal case number CR 98 0017 SI in the United States District Court for
27 the Northern District of California, San Francisco Division.

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1 ACCEPTANCE

2 I have carefully read the Stipulated Settlement and Disciplinary Order.
3 I understand the stipulation and the effect it will have on my Certified Public Accountant
4 Certificate and on the Accountancy Corporation Certificate of Chinn Accountancy Corporation.
5 I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly,
6 and intelligently, and agree to be bound by the Decision and Order of the California Board
7 of Accountancy.

8
9 DATED: 11-15-02

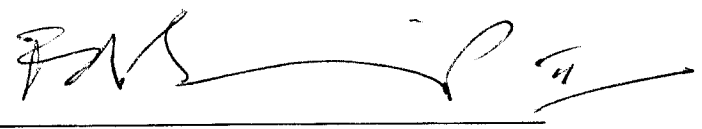
10 
11 REGAN K. CHINN
Respondent and for Respondent Corporation

12 ENDORSEMENT

13 The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully
14 submitted for consideration by the California Board of Accountancy of the Department of
15 Consumer Affairs.

16
17 DATED: 11-20-02

18
19 BILL LOCKYER, Attorney General
of the State of California

20 
21 FRED A. SLIMP II
22 Deputy Attorney General
23 Attorneys for Complainant
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**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

REGAN K. CHINN
719 Grant Avenue
San Francisco, CA 94108

Certified Public Accountant
Certificate No. CPA 28084

and

CHINN ACCOUNTANCY CORPORATION
719 Grant Avenue
San Francisco, CA 94108

Accountancy Corporation
Certificate No. COR 1250,

Respondents.

Case No. AC-2002-21

OAH No. N2002080589

DECISION AND ORDER

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on February 3, 2003.

It is so ORDERED January 29, 2003.



FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

EXHIBIT A

1 BILL LOCKYER, Attorney General
of the State of California
2 FRED A. SLIMP II, State Bar No. 118693
Deputy Attorney General
3 California Department of Justice
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CALIFORNIA BOARD OF ACCOUNTANCY
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10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:

Case No. AC-2002-21

12 REGAN K. CHINN
719 Grant Avenue
13 San Francisco, CA 94108

ACCUSATION

14 Certified Public Accountant Certificate No. CPA
28084

15 and

16 CHINN ACCOUNTANCY CORPORATION
719 Grant Avenue
17 San Francisco, CA 94108

18 Accountancy Corporation Certificate No. COR 1250

19 Respondents.
20

21 Complainant alleges:

22 PARTIES

23 1. Carol Sigmann (Complainant) brings this Accusation solely in her
24 official capacity as the Executive Officer of the California Board of Accountancy, Department of
25 Consumer Affairs.

26 2. On or about July 27, 1979, the California Board of Accountancy issued
27 Certified Public Accountant Certificate Number CPA 28084 to Regan K. Chinn (Respondent
28 Chinn). The Certified Public Accountant Certificate was in full force and effect at all times

1 12. Section 5063 of the Code, a provision of the Accountancy Act, requires
2 a licensee to report in writing to the Board within 30 days all felony convictions and convictions
3 of any crime related to the qualifications, functions or duties of a licensee or committed in the
4 course and scope of practice of public accountancy or involving theft, embezzlement,
5 misappropriation of funds or property, breach of a fiduciary responsibility, or the preparation,
6 publication, or dissemination of false, fraudulent, or materially misleading financial statements,
7 reports or information.

8 13. Section 118(b) of the Code provides in pertinent part that the expiration
9 of a license shall not deprive the Board of jurisdiction to proceed with a disciplinary action
10 during the period within which the license may be renewed, restored, reissued or reinstated.

11 14. Section 5070.6 of the Code provides in pertinent part that an expired
12 permit may be renewed at any time within five years after its expiration upon the filing
13 of an application for renewal on a form prescribed by the board, payment of all accrued and
14 unpaid renewal fees and providing evidence satisfactory to the board of compliance with Code
15 section 5070.5.

16 15. Section 5107 of the Code provides in pertinent part that the Board may
17 request the administrative law judge to direct a licensee found guilty of unprofessional conduct
18 in violation of Code sections 5100(a), 5100(c), 5100(h), 5100(i), or 5100(j) to pay to the Board
19 all reasonable costs of investigation and prosecution of the case including, but not limited to,
20 attorneys' fees.

21 16. Respondents Chinn and Corporation are guilty of unprofessional conduct
22 within the meaning of Code sections 5100(a), 5100(c), 5100(f), 5100(h), 5100(i) and 5100(j)
23 as more particularly set forth herein below.

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27 ///

28

Couple No. 1¹

FIRST CAUSE FOR DISCIPLINE
(Conviction of Crime Substantially Related)
(Bus. & Prof. Code § 5100(a))

17. On or about August 6, 1999, Respondent Chinn pled guilty to conduct in violation of 18 U. S. C. § 1014 (false statements in connection with loan application) in criminal proceeding CR 98 00017 SI in the Federal District Court for the Northern District of California, San Francisco, California, and was convicted thereon. The circumstances underlying said conviction are hereinafter set forth in paragraphs 18-21, below.

18. Commencing on or about November 8, 1989, and continuing until approximately April 13, 1990, Respondents engaged in a course of conduct involving the preparation and submission of false financial data, including the submission of false and fraudulent loan application materials and a falsified and fraudulent federal personal income tax return for Couple No. 1 for the purpose of submitting said false financial data to Westamerica Bank, Inc., a federally insured financial institution in San Francisco, California, in order to obtain a line of credit from Westamerica Bank, Inc. for Couple No. 1 in the amount of \$200,000, which line of credit was thereby obtained.

19. Commencing on or about December 20, 1989, and continuing until approximately January 12, 1990, Respondents engaged in a course of conduct involving the preparation and submission of false financial data, including the submission of false and fraudulent loan application materials and falsified and fraudulent federal personal income tax returns for Couple No. 1 for the purpose of submitting said false financial data to Union Bank, a federally insured financial institution in San Francisco, California, in order to obtain a real estate loan from Union Bank for Couple No. 1 in the amount of \$1,200,000, which real estate loan was thereby obtained.

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1. The full names of all persons referred to herein will be made available to Respondents upon a timely request for discovery.

Respondent Chinn

20. On or about April 22, 1993, Respondents engaged in a course of conduct involving the preparation and submission of false financial data, including the submission of a false and fraudulent application for renewal of a line of credit and a falsified and fraudulent federal personal income tax return for Respondent Chinn, for the purpose of submitting said false financial data to Redwood Bank, a federally insured financial institution in San Francisco, California, in order to renew a line of credit for Respondent Chinn in the amount of \$60,000, which renewal of the said line of credit was thereby obtained.

21. Commencing on or about August 8, 1994, and continuing until approximately September 14, 1994, Respondents engaged in a course of conduct involving the preparation and submission of false financial data, including the submission of a false and fraudulent application for renewal of a line of credit and a falsified and fraudulent federal personal income tax return for Respondent Chinn, for the purpose of submitting said false financial data to Bank of America, a federally insured financial institution in San Francisco, California, in order to renew a line of credit for Respondent Chinn in the amount of \$21,000, which renewal of the said line of credit was thereby obtained.

22. Respondent Chinn's conduct as set forth in paragraph 17, above, in conjunction with respondents' conduct set forth in paragraphs 18-21, above, constitutes conviction of a crime substantially related to the qualifications, functions and duties of a certified public accountant and therefore unprofessional conduct within the meaning of Code section 5100(a).

SECOND CAUSE FOR DISCIPLINE
(Dishonesty or Fraud)
(Bus. & Prof. Code § 5100(c))

23. Complainant realleges paragraphs 18-21, above, and incorporates them herein by reference as if fully set forth at this point.

24. In addition to the conduct set forth in paragraphs 18-21, above, Respondent Chinn, at a time known to him within the time periods set forth in paragraphs 18-21, above, but unknown to Complainant, assisted the husband of Couple No. 1 in a course of conduct

1 constituting bank fraud in violation of 18 U. S. C. § 1344(1) by a scheme of "check kiting"
2 whereby Respondent Chinn made fraudulent deposits involving accounts maintained by
3 the husband of Couple No. 1 at Home Savings, a federally insured financial institution, and
4 at Westamerica Bank, a federally insured financial institution.

5 25. Respondents' conduct as set forth in paragraphs 18, 19, 20, 21 and 24,
6 above, constitutes dishonesty or fraud in the practice of public accountancy and therefore
7 unprofessional conduct within the meaning of Code section 5100(c).

8 THIRD CAUSE FOR DISCIPLINE
9 (Violation of Accountancy Act)
 (Bus. & Prof. Code § 5100(f))

10 26. Respondent Chinn failed to notify the Board of his conviction as set forth
11 in paragraph 17, above, within thirty (30) days as required by Code section 5063, a provision of
12 the Accountancy Act.

13 27. Respondent Chinn's conduct as set forth in paragraph 26, above,
14 constitutes unprofessional conduct within the meaning of Code section 5100(f).

15 FOURTH CAUSE FOR DISCIPLINE
16 (Fiscal Dishonesty)
 (Bus. & Prof. Code § 5100(h))

17 28. Complainant realleges paragraphs 18-21 and 24, above, and incorporates
18 them herein by reference as if set forth fully at this point.

19 29. Respondents' conduct as set forth in paragraphs 18, 19, 20, 21 and 24,
20 above, constitutes fiscal dishonesty of any kind and therefore unprofessional conduct within the
21 meaning of Code section 5100(h).

22 FIFTH CAUSE FOR DISCIPLINE
23 (Knowing Preparation of False, Fraudulent Information)
 (Bus. & Prof. Code § 5100(i))

24 30. Complainant realleges paragraphs 18-21 and 24, above, and incorporates
25 them herein by reference as if set forth fully at this point.

26 31. Respondents' conduct as set forth in paragraphs 18, 19, 20, 21 and 24,
27 above, constitutes the knowing preparation or dissemination of false, fraudulent, or materially
28 misleading financial statements, reports, or information and therefore unprofessional conduct

1 within the meaning of Code section 5100(i).

2 SIXTH CAUSE FOR DISCIPLINE
3 (Obtaining Valuable Consideration by Fraudulent Means)
4 (Bus. & Prof. Code § 5100(j))

5 32. Complainant realleges paragraphs 18-21 and 24, above, and incorporates
6 them herein by reference as if set forth fully at this point.

7 33. Respondents' conduct as set forth in paragraphs 18, 19, 20, 21 and 24,
8 above, constitutes the obtaining of money, property, or other valuable consideration by
9 fraudulent means or false pretenses.

10 PRAYER

11 WHEREFORE, Complainant requests that a hearing be held on the matters herein
12 alleged, and that following the hearing, the California Board of Accountancy issue a decision:

- 13 1. Revoking, suspending, or otherwise imposing discipline on Certified
14 Public Accountant Certificate Number CPA 28084, issued to Regan K. Chinn;
- 15 2. Revoking, suspending, or otherwise imposing discipline on Accountancy
16 Corporation Certificate Number COR 1250, issued to Chinn Accountancy Corporation;
- 17 3. Awarding the Board costs as provided by statute; and
- 18 4. Taking such other and further action as the Board deems proper.

19 DATE: July 2, 2002

20 Carol Sigmann
21 CAROL SIGMANN
22 Executive Officer
23 California Board of Accountancy
24 Department of Consumer Affairs
25 State of California

26 Complainant
27
28